BRITISH COLUMBIA

BC STATS Infoline

Issue: **98-42** **6** Pages
October 23, 1998

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highlights

a weekly digest of recently released British Columbia statistics

Prices

- **British Columbia's consumer price index (CPI) was unchanged in September from the same month last year, marking the 25th time in the last 27 months that the annual change in BC's overall price level has remained at or below one percent.** The province's low inflation rate continues to be largely the result of declining shelter costs, which were down 1.2% from September of 1997. The CPI for shelter costs has fallen in every month since October 1995. Transportation costs in the province have also been falling during most of the year, largely due to lower prices for gasoline. However, the cost of household operations (+3.6%) and health and personal care services (+2.6%) was significantly higher than a year ago. British Columbians also paid 1.7% more for clothing and footwear.
  Source: Statistics Canada

- **Canada's annual inflation rate was 0.7% in September**. All four Atlantic provinces posted overall declines in the price level, ranging from -1.0% in Newfoundland to -0.3% in New Brunswick. PEI's CPI decreased for the seventh straight month. NWT (Yellowknife) posted its fourth straight month of deflation, with prices falling 0.7%. In the rest of Canada, inflation rates ranged from 0.8% in Yukon (Whitehorse) and Ontario to 1.5% in Manitoba and Saskatchewan.
  Source: Statistics Canada

- **Canadian food prices have risen only moderately in recent months, despite the low value of the loonie compared to the US greenback.** In September, food costs were up 1.3% nationally, and 1.2% in BC. However, the real crunch is likely to come in the late fall and winter months, when Canadians import more of their fresh fruit and produce from the US and other countries. *Source: Statistics Canada*

- **Among major centres, Victoria (-0.1%) and all four Atlantic capitals experienced price deflation.** St Johns, Newfoundland (-0.6%) and Charlottetown (-0.6%) recorded the largest declines. Prices edged up 0.2% in Vancouver, and in other cities, increased at rates ranging from 0.2% in Thunder Bay to 1.9% in Regina.
  Source: Statistics Canada

The Labour Market

- **The number of British Columbians receiving regular employment insurance (EI) benefits did not change between July and August.** There were 70,100 (seasonally adjusted) recipients in August. Nationally, the number of EI beneficiaries was down 2.7%, to 565,060. Eight of the twelve regions recorded declines, with the largest decrease (-14.4%) occurring in Saskatchewan. *Source: Statistics Canada*

The Economy

- **Exports of BC products were 3.9% higher in August than in the same month last year, marking the first time since last November that exports have risen.** The increase was due to a large jump (+40.5%) in the value of energy products (especially electricity and natural gas) exported from the province. International sales of automotive products (+38.1%) and machinery and equipment (+17.9%) were also sharply higher than a year earlier. Forest product exports (-3.5%) remained weak, but the decline was the smallest this year. Year-to-date, BC's exports were down 9.2%.

  Nationally, the value of Canadian exports was 2.4% higher in August than a year earlier. Exports fell in five provinces, with Saskatchewan

Report **Moonlighting entrepreneurs**

Did you know...?
Canadians consumed an average of more than 72 kilograms (that's 158 pounds) of potatoes in 1997. They also ate about 14 kg (31 lbs) of bananas (our favourite fruit). Overall, Canadians ate an average of 181 kg (398 lbs) of vegetables and 128 kg (282 lbs) of fruit last year.

(-31.2%) and Alberta (-10.9%) recording the largest losses. Newfoundland (+12.0%), Quebec (+9.9%) and Manitoba (+8.8%) experienced the strongest export growth. *Source: Statistics Canada*

- **The strong value of the US dollar may have contributed to the modest growth seen in August.** Contracts for many BC products sold abroad are denominated in US funds, and the weak value of the Canadian dollar has given a much-needed boost to Canadian exporters. A rough adjustment to compensate for the change in the value of the loonie suggests that without the weak dollar, BC's exports would have been down in August, but by less than in previous months. *Source: BC STATS*

- **Shipments of goods manufactured in British Columbia edged up 0.2% (seasonally adjusted) in August, after increasing 0.3% in the previous month.** Shipments by the paper and allied products industry were up 5.6%, but wood shipments fell (-2.1%). Nationally, the value of shipments surged ahead 7.6% in August, as Canadian automakers came back on stream in the aftermath of the GM strike in the United States. Ontario, where most auto manufacturers are located, recorded a 12.3% increase.

  Year-to-date, shipments by BC manufacturers were 6.3% lower than in the first eight months of 1997. Nationally, the value of shipments increased 1.8% from the first eight months of last year. *Source: Statistics Canada*

- **Consumers in British Columbia reduced their spending at retail stores 1.4% (seasonally adjusted) in August, reversing the previous month's increase (+1.1%).** Sales were down in eight of Canada's twelve regions, and as a result Canadian sales fell to 0.2% below the July level. Yukon (+1.8%) and Ontario (+0.6%) were the only provinces to show any significant increase in sales.

  Year-to-date, retail sales in BC were down 0.5% from the first eight months of last year. BC was the only region where sales so far this year were below 1997 levels. Nationally, year-to-date sales increased 5.0%. *Source: Statistics Canada*

Tourism

- **In August, 1.2 million non-residents entered Canada through BC customs ports, an increase of 3.5% from the same month last year.** Direct entries from the US were up 8.1% to 998,000, but fewer visitors came to BC from other countries (-15.5%, to 189,400). Asian "flu" continued to pull down the number of overseas visitors. Entries from Asia fell 24.7% below August 1997 levels, as South Korean (-53.5%), Japanese (-17.2%) and Taiwanese (-11.1%) entries continued to drop. Direct entries from Europe were also off (-5.9%).

  Nationally, the picture was very similar to that in BC. Overseas entries were down 11.5%, led by a 24.8% decline in Asian entries. Offsetting this was continued growth in the number of visits from the US (+5.3%). The total number of non-resident entries was 3.4% higher than in August 1997. *Source: Statistics Canada*

Dual-earner families

- **In 1996, the average income of dual-earner Canadian families was $60,600, up marginally (+1.4%) from $59,800 in the previous year.** However, incomes were still 3% lower than in the peak year for income (1989), after adjusting for inflation. Single-earner families had an average income of $52,500 (+3.5% from 1995), while families in which neither partner had earnings received an average income of $34,700 (-1.5%).

  About 60% of Canadian families are dual-earner families, while in just over 20%, only one partner works. In the remaining families, neither partner has earnings. Since the late 1980s, the proportion of dual- and single-earner families has stayed fairly stable. Prior to that, the percentage of double-income families had been rising as more women entered the workforce. In 1967, about 60% of families were living on the income of one partner, while about 30% were dual-earner families. In almost half (48%) of all dual-earner families, both partners worked full-time, full-year in 1996. *Source: Statistics Canada*

highlights, Issue 98-42
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For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

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Infoline Report:

People trying self-employment as a second job

Contact: George Dufour (250) 387-0376

Originally published in Second Quarter 1998 issue of *Small Business Quarterly*. Annual subscription is $60 + GST

More British Columbians are taking on second jobs than ever before, and many are doing it by setting up their own businesses 'on the side'. In 1997 there were 41 thousand people in British Columbia who worked as moonlighting entrepreneurs – employees in their main job, but also working as self-employed individuals in a second job. This figure was up from 18 thousand in 1990, reflecting one of the fastest growing employment trends of the decade. About three out of every hundred employees in the province was working in some way as a moonlighting entrepreneur in 1997. An estimated 5.5 thousand of them had hired employees for their second job businesses.

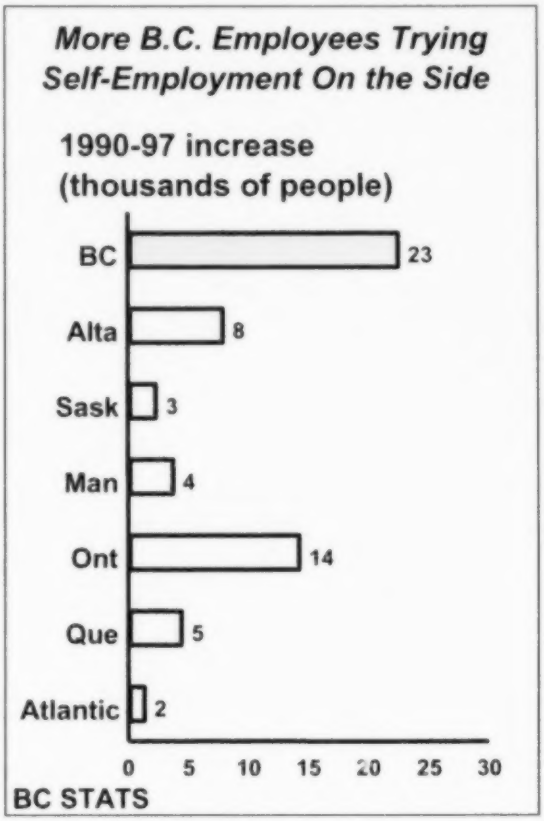
Businesses operated by moonlighting entrepreneurs have come to account for a sizeable portion of all small businesses in the province.

A conventional measure often used to estimate the current number of small businesses is calculated by taking the number of businesses with between one and 49 employees and adding to that the number of people who are self-employed in their first job but who have no employees of their own. This produces an estimate of 383 thousand small businesses in British Columbia in 1997. If the 36 thousand moonlighting entrepreneurs having no employees of their own are added to this, the figure for the total number of small businesses in the province is expanded to 419 thousand.

Using this more comprehensive figure, it could be said that roughly one in ten of all small businesses in the province were operated on the side by a person who was an employee at their first job.

B.C. Small Business Moonlighting Growth Exceptional In Canada

The number of small businesses operated by moonlighting entrepreneurs has grown faster in British Columbia than anywhere else in Canada. It grew at an average annual rate of 10 per cent between 1990 and 1997, well above the next highest provincial rates of 8 per cent in Nova Scotia and 6 per cent in Quebec. Growth in British Columbia was more than three times the 3 per cent rates reported for Alberta and Ontario, and more than double the 4 per cent rate for Canada as a whole.



The trend has been accelerating in recent years as British Columbia moonlighting entrepreneurs have grown from 27 thousand people in 1995, to 31 thousand in 1996, to 41 thousand in 1997.

Part of A Broader Trend To Self-Employment In the Workforce

The number of people in British Columbia who are self-employed either in their first job or in a second job, has been growing considerably faster

than other workforce categories. The 10 per cent average annual growth for moonlighting entrepreneurs and the 6 per cent growth for people self-employed in their first job were both far faster than the 1 per cent average annual growth in numbers of public employees in the province, or the 2 per cent growth in numbers of private sector employees. Each moonlighting entrepreneur is also, of course, either a private or public sector employee.

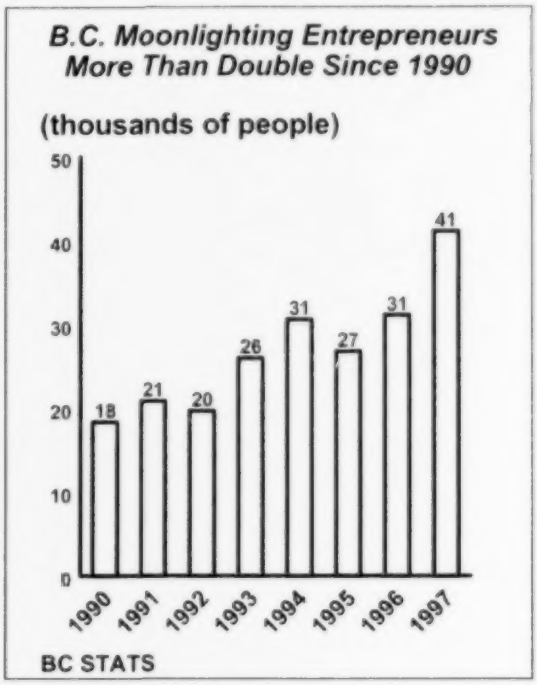
Many conduct their self-employment activity out of their own home. A November 1995 Survey of Work Arrangements reported that just over half of the people who were self-employed in their first job were home based. No equivalent numbers are available for employees who are self-employed in their second job but, because these people are operating in their off hours, it can be reasonably speculated that more than half will be operating out of their own homes.

When moonlighting entrepreneurs are included with those people who are self-employed in their first job, together they constitute a very sizeable group of workers who have a direct personal concern with business conditions in the province. There were 373 thousand British Columbians self-employed in their first job in 1997. Adding the 41 thousand employees doing self-employed work in a second job produces a grand total of 414 thousand people in the province who were self-employed in either a first or a second job.

To put these figures in perspective with several other overlapping categories in the provincial workforce; there were 175 thousand unemployed people in British Columbia in 1997, 250 thousand public employees at all levels of government, and over 550 thousand union members (estimate based on 1996 membership figures).

A Trend to More Women Employees Self-Employed In A Second Job

Most moonlighting entrepreneurs are men. However, this is changing as the number of women starting up 'on the side' businesses in British Columbia is increasing faster than the number of men. Between 1990 and 1997, there was a 148 per cent increase in the number of women who were working as moonlighting entrepreneurs, increasing from 8 thousand to 19 thousand. For men the increase was 106 per cent, from 11 thousand to 22 thousand. With this faster rate, women may soon account for half or more of all moonlighting entrepreneurs in British Columbia. Their portion of the total number of moonlighting entrepreneurs has already increased from 41 per cent to 45 per cent between 1990 and 1997.



Assuming that the same patterns reported for women who were self-employed in their first job apply for women employees who take up self-employed work as a second job, many will have taken the step largely because it allows them to work from home.

It seems that self-employment, whether it is taken on as a first or second job, is something done mainly by older people. Most moonlighting entrepreneurs in British Columbia are 35 years of age and older. There were 26 thousand in this age range in 1997, compared to only 15 thousand un-

der age thirty-five. Numbers were also growing slightly faster for the above thirty-fivers. There were 124 per cent more moonlighting entrepreneurs in the older age bracket in 1997 than in 1990, compared to 122 per cent more for people in the 15 to 34 year old age range.

Self-Employment Still Strongly Associated With Agricultural Economies

Although the growth trend has been much stronger here, British Columbia is not yet the place in Canada with the highest incidence of moonlighting entrepreneurs.

The explanation for this likely lies in the industrial makeup of the different provincial economies. Agriculture includes the highest proportion of full-time self-employment of any major industry, so that provinces with large agricultural industries tend to boast the largest proportions of people who are self-employed in their main job. It could be that the same pattern applies for people who are employees in their first job and self-employed in a second job.

Unfortunately no statistics are available to test this. However, the circumstantial statistical evidence seems to suggest that the pattern also holds true for moonlighting entrepreneurs. The province with the highest incidence of moonlighting entrepreneurs among employees is Saskatchewan, which also has a large agricultural industry. Five per cent of all employees in Saskatchewan in 1997, were self-employed in a second occupation. The next highest ratios were for Manitoba, Alberta and British Columbia all with 3 per cent of employees working at self-employed second jobs.

Large agricultural industries could explain the high ratios for the prairie provinces and for Prince Edward Island, which had the next highest ratio after British Columbia. However, agriculture is not a large industry in British Columbia, suggesting that the high, and rapidly growing, proportion of employees who have self-employed second occupations may have other causes in this province. At least one of these other causes may be British Columbia's large immigrant population. Immigrants are often seen as more likely than other Canadians to start their own businesses.

Large numbers of recent immigrants is often cited as one of the reasons why the British Columbia workforce has a higher proportion of non-agricultural workers who are self-employed in their first job than any other province. It is possible, although it cannot be proven from the available data, that British Columbia also has the highest incidence of non-agricultural workers who are employees in their first job and self-employed in a second job.

Recent Feature Articles in Small Business Quarterly (& Formations & Failures) Listed By Release Date

March 1998: *Business Bankruptcies Ease With Low Interest Rates, But Consumer Bankruptcies Continue to Climb*

January 1998: *Co-operative Movement Grows Steadily In British Columbia*

September 1997: *Doing Our Thing In Lotusland – The New Self-Employed In British Columbia*

August 1997: *Immigrants Boost Self-Employment In British Columbia*

April 1997: *More British Columbia Companies Shift Corporate Charters to Alberta and Ontario*

March 1997: *Changes in Business Confidence Expressed In Numbers of New Incorporations*

October 1996: *Bankruptcies Rise With Self-Employment and Mounting Consumer Debt Loads*

July 1996: *Counting the Business Community in British Columbia*

March 1996: *Different Problems Faced By Large and Small Manufacturers*

February 1996: *Less Credit Extended in Small Business Loans*

December 1995: *British Columbia Shows Highest Business Turnover Rates in Canada*

November 1995: *New Incorporations Decline in Mid-Year, As Formations of Unincorporated Businesses Increase*

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BC at a glance . . .

POPULATION (thousands)	Jul 1/98	% change on one year ago
BC	4,014.3	1.3
Canada	30,300.4	1.0
GDP and INCOME		% change on
(BC - at market prices)	1997	one year ago
Gross Domestic Product (GDP) *($ millions)*	109,347	3.3
GDP *($ 1992 millions)*	98,201	2.2
GDP *($ 1992 per Capita)*	24,775	0.1
Personal Disposable Income *($ 1992 per Capita)*	16,340	-2.3
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Aug	2,771	-3.0
Merchandise Exports (raw) Aug	2,251	3.9
Retail Sales (seasonally adjusted) Aug	2,756	-2.7
CONSUMER PRICE INDEX		% change on
(all items - 1992=100)	Sep '98	one year ago
BC	110.0	0.0
Canada	108.6	0.7
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Sep '98	one year ago
Labour Force - BC	2,044	0.6
Employed - BC	1,875	1.4
Unemployed - BC	169	-7.5
		Sep '97
Unemployment Rate - BC *(percent)*	8.3	9.0
Unemployment Rate - Canada *(percent)*	8.3	9.0
INTEREST RATES (percent)	Oct 21/98	Oct 22/97
Prime Business Rate	7.00	5.25
Conventional Mortgages - 1 year	6.50	5.65
- 5 year	6.75	6.70
US/CANADA EXCHANGE RATE	Oct 21/98	Oct 22/97
(avg. noon spot rate) Cdn $	1.5540	1.3911
US $ *(reciprocal of above rate)*	0.6435	0.7189
AVERAGE WEEKLY EARNINGS		% change on
(industrial aggregate - dollars)	Jul '98	one year ago
BC	623.77	0.9
Canada	610.76	1.7

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Earnings } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

Released this week by BC STATS

- Consumer price Index, September 1998

Next week

- Earnings & Employment Trends, July 1998
- Business Indicators, October 1998
- Current Statistics, October 1998
- Quarterly Regional Statistics, 3rd Qtr 1998

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